

RECEIVED



2005 SEP -1 AM 9:36

August 30, 2005

T.R.A. DOCKET ROOM

Roger Knight
Telecommunications Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Mr. Knight:

Attached are 13 copies of the calculation to revise the October 1, 2005 business rates as required by 2001 Public Chapter No. 195, Docket 05-00235 for Crockett Telephone Company, Inc., Peoples Telephone Company, and West Tennessee Telephone Company, Inc.

If you have any questions please give me a call at (601) 352-0940

Sincerely,

Larry S. Howle
Separations Specialist

T E L E P H O N E
E L E C T R O N I C S
C O R P O R A T I O N
B O X 2 2 9 2 3
J A C K S O N M S 3 9 2 2 5
2 3 6 E A S T C A P I T O L S T
F A X 6 0 1 3 5 5 1 9 6 4
6 0 1 3 5 4 9 0 7 0

TEC Tennessee Telephone Companies
Revised True Up of Business Rates for Tennessee Ad Valorem Tax Equity Payments Received
For October 1, 2005

	<u>Crockett</u>	<u>Peoples</u>	<u>West Tennessee</u>
1 4th Price Adjustment Amount - (per Pass Thru W/S Ln 4)	5,555.73	6,030.06	9,607 86
2 3rd Price Adjustment Amount - (per Pass Thru W/S Ln 5)	(8,771 01)	(33,759 56)	(18,104 57)
3 True-up amount (Ln 1 - Ln 2)	14,326.74	39,789.62	27,712 43
4 Monthly Revenue amount for rate adjustment (Ln 3 / 12)	<u>1,193.90</u>	<u>3,315.80</u>	<u>2,309.37</u>
5 June 2005 Business Customers	<u>945</u>	<u>1,023</u>	<u>623</u>
6 10/1/2005 Decrease (Increase) of Business Rates per Month (Ln 4 / Ln 5)	<u>1.26</u>	<u>3.24</u>	<u>3.71</u>

June 2005 Business Customers

Bus-1 Pty Access Line - BRA	626	658	397
Key Access Line - BRA	189	133	83
PBX Access Trunk - BRA	6	22	60
Payphone Access Line - BRA	13	18	9
Payphone Access Line - Company E	10	0	1
ISDN/BRI 2B+D Bus	5	0	1
Trunk ISP	<u>96</u>	<u>192</u>	<u>72</u>
Total Business Customers	945	1,023	623

Old Rates

Bus-1 Pty Access Line - BRA	18 42	8 67	5 21
Key Access Line - BRA	36 78	18 02	7 41
PBX Access Trunk - BRA	36 78	33 12	12 41
Payphone Access Line - BRA	30 49	15 15	10 44
Payphone Access Line - Company E	30 49	15 15	10 44
ISDN/BRI 2B+D Bus	54 28	55 71	54 75
Trunk ISP	18 42	8 67	5 21

New Rates

Bus-1 Pty Access Line - BRA	17 16	5 43	1 50
Key Access Line - BRA	35 52	14 78	3 70
PBX Access Trunk - BRA	35 52	29 88	8 70
Payphone Access Line - BRA	29 23	11 91	6 73
Payphone Access Line - Company E	29 23	11 91	6 73
ISDN/BRI 2B+D Bus	53 02	52 47	51 04
Trunk ISP	17 16	5 43	1 50

New Price Adjustment Pursuant to 67-6-222	1.98	2 53	3.96
--	-------------	-------------	-------------

Summary of 2004 Accounting entries on books to accrue ad valorem tax equity refund payment

119020-0085 Other A/R From Non Affil Co	26,062	38,990	24,711
724001-0085 Operating Taxes-Property Ad Valorem Credits	(26,062)	(38,990)	(24,711)

TEC Tennessee Telephone Companies
Revised Property Tax Calculation - Net Pass Through Amount
4th Price Adjustment Effective October 1, 2005

	<u>Crockett</u>	<u>Peoples</u>	<u>West Tennessee</u>	<u>Total</u>
1. Total Equity Payment Received June/July 2005	23,744.32	34,224.32	21,908.85	79,877.49
2. Jurisdictional Separations Impact (Part 36/69). Ln 1 * Separations factor	5,936.08	8,556.08	2,738.61	17,230.77
3. Impact to USF support, if applicable (include supporting calculations)	<u>12,252.51</u>	<u>19,638.18</u>	<u>9,562.38</u>	<u>41,453.07</u>
Net Tax Savings to Company to be flowed through to business customers. (Line 1 less lines 2 and 3)	5,555.73	6,030.06	9,607.86	21,193.65
Total Rate Reduction and Short Fall from October 1, 2004 Through September 30, 2005 and Prior Period True-ups per schedule below *	<u>(8,771.01)</u>	<u>(33,759.56)</u>	<u>(18,104.57)</u>	<u>(60,635.14)</u>
6. Difference (Line 4 less Line 5) If Line 4 is greater than Line 5, then the difference represents the additional amount that existing rates need to be reduced. If Line 5 is greater than Line 4, then the difference represents the amount by which existing rates may be	<u>14,326.74</u>	<u>39,789.62</u>	<u>27,712.43</u>	<u>81,828.79</u>
* Rate Reduction from October 1, 2004 Through September 30, 2005				
	3,193.65	(20,361.02)	273.05	(16,894.32)
Short Fall from October 1, 2004 through September 30, 2005	2,317.18	4,765.46	2,802.57	9,885.21
Overage from October 1, 2003 through September 30, 2004 True-up 2003	(4,258.20)	(2,037.21)	(273.05)	(6,568.46)
Less Short Fall from October 1, 2002 through September 30, 2003 True-up 2002	<u>(10,023.64)</u>	<u>(16,126.79)</u>	<u>(20,907.14)</u>	<u>(47,057.57)</u>
Total Rate Reduction from October 1, 2004 through September 30, 2005 and Short Fall from October 1, 2004 through September 30, 2005 and True-up for Overage October 1, 2003 through September 2004 and Short Fall for October 1, 2002 through September 30, 2003 *	<u>(8,771.01)</u>	<u>(33,759.56)</u>	<u>(18,104.57)</u>	<u>(60,635.14)</u>
<u>USF Impact Schedule</u>				
USF Yearly Payment from USF Algorithm W/O Tax Equity Payment Received June/July 2004	333,444.57	1,050,884.29	233,977.59	1,618,306.45
USF Yearly Payment from USF Algorithm With Tax Equity Payment Received June/July 2004	<u>345,697.08</u>	<u>1,070,522.47</u>	<u>243,539.97</u>	<u>1,659,759.52</u>
Impact to USF support	<u>12,252.51</u>	<u>19,638.18</u>	<u>9,562.38</u>	<u>41,453.07</u>

TEC Tennessee Telephone Companies
Summary of Rate Reductions and True-ups
For October 1, 2005

	<u>CTC</u>	<u>PTC</u>	<u>WTC</u>	<u>Total</u>	
1st Price Adjustment Amount 1/1/2002 - 9/30/2003	32,618	54,528	51,455	138,601	
Equity Payment Received June 2003	27,254	46,191	30,548	103,993	
Jurisdictional Separations - June 2002 Through May 2003	4,660	7,790	0	12,449	
Impact to USF Support - June 2002 Through May 2003	0	0	0	0	
Short Fall	(10,024)	(16,127)	(20,907)	(47,058)	
Estimated Payment Oct 1, 2003 Through Sept 30, 2004	21,803	36,953	24,438	83,194	
Equity Payment Received June 2004	26,062	38,990	24,711	89,763	
Jurisdictional Separations - June 2003 Through May 2004	5,451	9,238	0	14,689	
Impact to USF Support - June 2003 Through May 2004	0	0	0	0	
Add 2002 Short Fall	10,024	16,127	20,907	47,058	
Overage	4,258	2,037	273	6,568	Not adjusted in 2004
Adjustment to Rates	6,329	11,588	3,531	21,448	
Estimated Payment Oct 1, 2004 Through Sept 30, 2005	26,062	38,990	24,711	89,763	
Equity Payment Received June 2005	23,744	34,224	21,909	79,877	
Jurisdictional Separations - June 2004 Through May 2005	6,515	9,747	0	16,263	
Impact to USF Support - June 2004 Through May 2005	0	21,889	0	41,453	
Add 2002 Short Fall	10,024	16,127	20,907	47,058	Already adjusted in 2003
Add 2003 Adj to Rates 10/1/2003	6,329	11,588	3,531	21,448	
Short Fall	(2,317)	(4,765)	(2,803)	(9,885)	
Adjustment to Rates	3,194	(20,361)	273	(36,458)	
Estimated Payment Oct 1, 2005 Through Sept 30, 2006	23,744	34,224	21,909	79,877	
Estimated Equity Payment Received June 2006	23,744	34,224	21,909	79,877	
Jurisdictional Separations - June 2004 Through May 2005	5,936	8,556	2,739	17,231	
Impact to USF Support - June 2004 Through May 2005	12,253	19,638	9,562	41,453	
Add 2003 Overage	(4,258)	(2,037)	(273)	6,568	True-up
Add 2004 Short Fall	2,317	4,765	2,803	(9,885)	
Add 2005 Adj to Rates 10/1/2004	3,194	(20,361)	273	(36,458)	
Deduct 2002 Short Fall added back in 2004	(10,024)	(16,127)	(20,907)	(47,058)	True-up
Short Fall	0	0	(0)	0	
Adjustment to Rates	14,326	39,789	27,713	108,026	
Short Fall 1/1/02 - 9/30/03	(10,024)	(16,127)	(20,907)	(47,058)	
Overage 10/1/03 - 9/30/04	4,258	2,037	273	6,568	
Short Fall 10/1/04 - 9/30/05	(2,317)	(4,765)	(2,803)	(9,885)	
Overage and Short Fall Adjustments	14,282	18,164	21,180	53,626	
Reduction of Business Rates per Month 1/1/02-9/30/03	1.56	2.79	2.88	7.23	
10/1/2003 Increase of Business Rates per Month	(1.12)	(1.86)	(2.67)	(5.65)	
10/1/2004 Decrease (Increase) of Business Rates per Month	0.28	(1.64)	0.04	(1.32)	
10/1/2005 Decrease (Increase) of Business Rates per Month	1.26	3.24	3.71	8.21	
Total Rate Reduction	1.98	2.53	3.96	8.47	